

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

Petition of the Cape Light Compact
and Various Member Towns Regarding
the Purchase of Street Lighting Equipment
from Commonwealth Electric Company

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D.T.E. 01-25

INITIAL BRIEF OF NSTAR ELECTRIC

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I. INTRODUCTION

In the Petition, the Compact outlines its opposition to the prices offered by NSTAR Electric in December 2000 for the Company's streetlights located in the towns of Edgartown, Harwich and Sandwich (the "Towns"). As described below, the prices for

The Compact is composed of the Towns of Aquinnah, Barnstable, Bourne, Brewster, Chatham, Chilmark, Dennis, Eastham, Edgartown, Falmouth, Harwich, Mashpee, Oak Bluffs, Orleans, Provincetown, Sandwich, Tisbury, Truro, Wellfleet, West Tisbury, and Yarmouth, and the counties of Barnstable and Dukes County.

NSTAR Electric's streetlights offered to the Towns were determined using the proper methodology for calculating the Company's unamortized investment in its streetlights, and such methodology is consistent with Section 34A. NSTAR Electric requests that the Department approve the use of this methodology for calculating the Company's unamortized investment in its streetlights in the Towns, as well as the prices offered to the Towns.

II. BACKGROUND AND PROCEDURAL HISTORY

On December 16, 1999, each of the Towns separately notified the Company that it wished to purchase NSTAR Electric's streetlights in its community pursuant to G.L. c. 164, § 34A. In February 2000, the Company presented prices to the Towns for the Company's streetlights. The Towns rejected the Company's proposals and requested that the Company re-calculate the value of its streetlights in their communities. On December 11, 2000, after several months of discussion and correspondence, the Company presented the Compact with schedules for streetlights in the Towns that reflected revised valuations for such lights. The valuations for the Company's streetlights presented by the Company to the Compact on December 11, 2000 are in dispute in this proceeding.

On January 26, 2001, the Compact filed its Petition with the Department. Pursuant to conference calls with the Hearing Officer on February 28, 2001 and March 7, 2001, the parties agreed to a discovery and hearing schedule. A hearing was held at the Department on April 25, 2001. The Compact presented one witness, Paul L. Chernick. The Company presented two witnesses, James H. Aikman and Michael Farrell.

III. STATEMENT OF ISSUES

NSTAR Electric does not believe that there is any dispute in this proceeding regarding the underlying facts (see Tr. 1, at 4-7). The dispute concerns the statutory standard, and consequently the appropriate methodology, for computing “unamortized investment” in streetlighting equipment. In short, the Company’s methodology for computing unamortized investment is to begin with the original cost as reflected on the Company’s books of accounts of the streetlighting equipment to be sold to the municipality and to subtract the actual accumulated depreciation associated with that equipment as reflected on the Company’s accounting records. The Compact starts with the original cost from the Company’s books and applies depreciation rates to those costs. The Department must determine which methodology more appropriately meets the statutory standard.

IV. STANDARD OF REVIEW

As part of the Electric Restructuring Act of 1997 (the “Act”), the Legislature authorized municipalities to purchase streetlights owned by an electric company, and delineated requirements for compensation of such streetlights, as follows:

Any municipality exercising the option to convert its street lighting service pursuant to subsection (a) shall be required to compensate the electric company for its unamortized investment, net of any salvage value obtained by the electric company under the circumstances, in the lighting equipment owned by the electric company in the municipality as of the date the electric company receives notice of such exercise pursuant to subsection (a). In meeting this requirement, the municipality may acquire all or any part of such lighting equipment of the electric company upon the payment of the unamortized investment allocable to such acquired equipment.

Chapter 164, Acts of 1997, § 196 (codified at G.L. c. 164, § 34A(b)).

In a recent proceeding involving the sale of streetlights to municipalities, the parties to that proceeding agreed that the term “unamortized investment” in the Section 34A is the book value for gross plant in service, net of accumulated depreciation. Petition of the Towns of Lexington and Acton, D.T.E. 98-89, at 3 (1998). Accordingly, the Department has recognized that the proper means to determine the “unamortized investment” of an electric company in its streetlight plant is to determine how much such plant has been depreciated and subtract that amount from the Company’s original book value for such plant in service. Section 34A also notes that a municipality’s acquisition of an electric company’s streetlights can result only “upon the payment of the unamortized investment allocable to such acquired equipment.” G.L. c. 164, § 34A(b). Therefore, in order to implement Section 34A properly, a methodology must be used that not only calculates the accumulated depreciation associated with the Company’s streetlights, but also allocates such accumulated depreciation to the lights subject to sale.

V. DESCRIPTION OF METHODOLOGIES THE COMPANY AND THE COMPACT USED TO DETERMINE THE VALUE OF STREETLIGHTS IN THE TOWNS

A. NSTAR Electric

As noted repeatedly during the proceeding, the costs of the Company’s streetlights are booked and accounted for on a group basis, that is, Commonwealth’s books reflect the total costs of all of its streetlights in Federal Energy Regulatory Commission (“FERC”) Account 373, which is disaggregated on the Company’s books into sub-accounts (see Exh. BKR-1, at 3; Exh. JHA-1, at 3-4, 6; Exh. CLC-1-13; Exh.

CLC 2-15).² The Company does not account separately for streetlighting assets by municipality, but rather, accounts for such assets on a group basis, which is consistent with FERC accounting requirements and utility accounting practice (Tr. 1, at 135; Exh. JHA-1, at 7; Exh. CLC-2-15).³

The Company is able to identify the in-service streetlighting equipment by municipality, by vintage (i.e., year of installation), and is therefore able to establish the original cost of the streetlighting in place in each municipality (see Exh. CLC-1-7). However, because it accounts for depreciation of streetlighting plant on a group basis for the entire service territory,⁴ there is no corresponding accumulated depreciation reserve booked for each asset (or unit of property) or for each municipality (Exh. CLC-2-15). Therefore, in order to determine the Company's unamortized investment for the streetlights in a particular municipality, it is necessary to determine the portion of the actual reserve for depreciation for the account attributable to that property. This is done through an allocation procedure that makes it possible to assign the appropriate portion of the book depreciation for the account to the town, by vintage level. As described by Mr. Aikman:

The way that such an allocation is routinely done is to compute the theoretical depreciation reserve at the level at which the book reserve is maintained.

² Account 373's five sub-accounts are for Station Lighting, Streetlight Overhead Conductors, Streetlight Underground Conduit and Risers, Streetlight Underground Conductors and Streetlight Fixtures, Brackets and Standards (Exh. CLC-1-13).

³ In fact, FERC requires only that depreciation reserves be booked at the functional level (i.e., total Distribution Plant, total Transmission Plan, etc.) and the Company's practice of booking reserves at more detailed levels, e.g., streetlighting accounts, goes beyond the minimal FERC accounting requirements (Exh. JHA-1, at 6-7).

⁴ As described by Mr. Aikman, group depreciation, as distinguished from unit depreciation, is applied for most utility property, with the exception of location-specific generating assets (Exh. JHA-1, at 4).

Exh. JHA-1, at 6. See also Transcript 1, at 161-162.

The Company's calculation of a theoretical depreciation reserve was facilitated by the Company's implementation during 2000 of a utility plant accounting system called PowerPlant (Exh. CLC-1-6). This software calculates accurate depreciation of a group of assets by applying a composite rate to assets in all vintages in a class, in this case FERC Account 373 (see Exh. CLC-1-6 (Att.)). The rate takes into account the average expected life of the group, a mortality dispersion curve, and the age of the individual assets (id.). This group depreciation methodology produces the most accurate depreciation results, because each asset is depreciated over its actual life (id.). The software uses its computations of remaining life for a group of assets to allocate accurately the Company's actual reserve to all of the assets and vintages in its streetlighting account (id.). The resulting valuations for the Company's streetlights in Edgartown, Harwich and Sandwich are \$25,453, \$94,122 and \$29,140, respectively (Exh. BKR-2).

B. The Compact

At the time of its Petition, the Compact computed the value of the Company's streetlight in the Towns by determining the accumulated depreciation and net plant in the Company's streetlight account as of October 31, 2000 (Exh. Compact-1, at 9). This was accomplished by applying a constant 7.14 percent depreciation rate to the Company's December 2000 original cost estimates for each vintage of lights in the Towns (see id.). The 7.14 percent rate was based on the average service life for streetlighting assets included in the Company's most recent depreciation study (Tr. 1, at 60). At the April 25 hearing, the Compact revised its estimate (Exh. Compact-1A). The Compact's revisions were based on applying the estimated remaining life depreciation rates booked by the

Company (Tr. 1, at 59; see also Exh. CLC-1-1 (Att.)). The Compact's calculations apply the depreciation rates to the original cost of the assets in service in the municipalities, without regard to the actual accumulated depreciation reserve for the group and continue the "depreciation" of assets beyond the point that the computed depreciation exceeds the original cost (Tr. 1, at 18-20; Exh. Compact-1A). The Compact's revised valuations would result in the streetlights in each of the Towns being valued at large negative values, with the purchase price of a nominal \$1 (Exh. Compact-1, at 4).

VI. THE COMPANY'S DECEMBER 2000 METHODOLOGY IS CONSISTENT WITH G.L. c. 164, § 34A AND APPROVED ACCOUNTING AND RATEMAKING PRACTICES

The Company's December 2000 methodology for calculating the value of its streetlighting plant in the Towns is consistent with G.L. c. 164, § 34A and should be approved by the Department. Section 34A requires municipalities to compensate electric companies for their "unamortized investment" in streetlighting equipment that such municipalities wish to purchase. Accordingly, an interpretation of the term "unamortized investment" is critical in order to determine the proper methodology for calculating the value of Commonwealth's streetlights for sale to the Towns.

Until the April 25th hearing, there was no dispute that the statutory term "unamortized investment" was read by all parties to mean original cost less accumulated depreciation. Indeed, the Compact's witness testified that "the calculation of unamortized investment for purposes of purchasing street lights should tie into (and be consistent with) the company's traditional accounting practices for tracking 'original investment' and 'accumulated depreciation' for ratemaking purposes" (Exh. Compact-1,

at 3 (emphasis added); Tr. 1, at 63-64). See also Petition of the Towns of Lexington and Acton, D.T.E. 98-89, at 3 (1998).

Apparently realizing that the Company had met the Compact's own standard for compliance with Section 34A, during the April 25 hearing, the Compact tried a new, creative, but, ultimately unavailing, attempt to confuse the issue by trying to distinguish the terms "amortization" and "depreciation" in order to support its methodology. The Compact cited the definition of "amortization" found in Black's Law Dictionary ("Black's") (Tr. 1, at 38; see also Exh. Compact-4). That definition of "amortization" states, in part:

The allocation (and charge to expense) of the cost or other basis of an intangible asset over the estimated useful life.... Examples of amortizable intangibles include patents, copyrights and leasehold interests. A reduction in a debt or fund by periodic payments covering interest and part of principle, distinguished from: (1) depreciation, which is an allocation of the original cost of an asset computed from physical wear and tear, as well as the passage of time...

Id. (emphasis added); see also Exhibit Compact-4. The Compact then tried to make a hyper-technical distinction that Section 34A's "unamortized investment" requires an outcome different from undepreciated investment:

...the Compact's treatment is that amortization is the portion of the cost that the company has charged or written down, whereas the company reads the term "unamortized investment" as meaning the investment net of physical depreciation.

Transcript 1, at 41-42.⁵

⁵ Indeed, although not presented as evidence, the Compact's counsel asserted that the term "unamortized investment" means that "you take an asset, you apply an amortization rate, an approved amortization rate, and whatever is left over, that's what 'unamortized investment' means." (Tr. 1, at 6).

This eleventh-hour argument fails for a number of reasons. First, it is inconsistent with the Compact's case. The Petition and testimony filed by the Compact clearly equates amortization with depreciation. Mr. Chernick's prefiled testimony, cited above, assumes that the statutory use of the term amortization is tantamount to depreciation (Exh. Compact-1, at 3). Mr. Chernick's calculations use the Company's depreciation rates, albeit improperly,⁶ and even his revised schedules submitted at the hearing purport to compute accumulated depreciation (Exh. PLC-5; Exh. Compact-1A (Exh. PLC-5 Revised)). It is disingenuous to attempt to distinguish the terms "amortization" from "depreciation" in circumstances in which the Compact has consistently applied a depreciation concept.

Moreover, this technical distinction between the terms "depreciation" and "amortization" is not maintained in practice. This point was elucidated further in the following colloquy between the Compact's witness and the Company:

Q. [Company] Some people, maybe inartfully, tend to use those terms interchangeable don't they?

A. [Mr. Chernick] There's certainly a lot of situations in which the terms are used in a kind of sloppy manner.

Transcript 1, at 63.

The Supreme Judicial Court has held that, when interpreting statutes, it construes a statute in accord with:

⁶ The Compact's "depreciation" methodology results in negative valuations for streetlights, which the Compact's witness admits is inconsistent with normal accounting practices (Tr. 1, at 65). Moreover, the Compact's "depreciation" methodology is inconsistent with the Company's approved methodology for depreciating a group of assets. As Mr. Aikman explained, the Iowa Curve for streetlighting used in the Company's approved depreciation study establishes that only the very oldest vintages of remaining streetlighting plant (i.e., plant in excess of 50 years old) has been fully depreciated on the books of the Company (Tr. 1, at 127-129; Exh. CLC-1-2 (Third

the intent of the Legislature ascertained from all its words construed by the ordinary and approved usage of the language, considered in connection with the cause of its of its enactment, the mischief of imperfection to be remedied and the main object to be accomplished, to the end that the purpose of its framers may be effectuated.

Champigny v. Commonwealth, 422 Mass. 249, 251, 661 N.E.2d 931 (1996), citing Teletsky v. Wight, 395 Mass. 868, 872-873, 482 N.E. 2d 818 (1985) and Commonwealth v. Galvin, 388 Mass. 326-328, 446 N.E. 2d 391 (1983). The Court “will not adopt a literal construction of a statute if the consequences of such construction are absurd or unreasonable.” Champigny, supra.

The interpretation implied by the Compact at the evidentiary hearing would produce an “absurd or unreasonable” result because the Company’s net investment in its streetlight plant is not “amortized,” i.e., it is not allocated over an estimated useful life, but rather, consistent with the distinction set forth in Black’s, it is depreciated. If the Department were to accept the Compact’s interpretation, the price for the streetlights would be equal to the original cost since there has been no “amortization” of the original investment. The “unamortized” original cost thus would be: \$325,367 for Harwich; \$99,787 for Sandwich; and \$65,664 for Edgartown (Exh. BKR-2).⁷

The Compact’s limited, technical interpretation of the word “unamortized” is inconsistent with the Company’s treatment of its physical plant, including streetlight plant, for purposes of determining the accumulated depreciation associated with its streetlight account. Because the Compact’s witness and Department precedent reflect

Supplement)(Attachment CLC-1-2, Supp. E, data attached to Theoretical Reserve Output Explanatory Notes)).

⁷ Had the Company suggested that outcome based on an obviously strained reading of the statute, the Compact would have been justifiably indignant.

that the common usage of the term “unamortized” is “undepreciated” in the context of physical assets, interpreting narrowly and technically the word “unamortized” in this proceeding would produce an absurd result, contrary to law.

The Company’s methodology for determining its “unamortized investment” for purposes of compliance with Section 34A and, as discussed supra, for accounting and ratemaking purposes, is to subtract its actual accumulated depreciation reserve for its streetlight plant in Account 373 from the original cost of such plant. This methodology reflects the application of an average-life depreciation methodology for streetlighting equipment that is consistent with FERC and Department ratemaking and accounting requirements. The Compact’s witness did not dispute this fact (Tr. 1, at 64-65).

The Company’s methodology not only computes properly its actual depreciation reserve consistent with Section 34A, its methodology for allocating such reserve to the Towns is both reasonable and consistent with Section 34A. The Company does not depreciate each individual piece of streetlighting equipment on its books (Tr. 1, at 135). It depreciates the streetlighting group (id.). It is improper to take each individual piece of streetlighting equipment and reconstruct the unamortized investment of the Towns by applying the Company’s depreciation rate to the individual property units of streetlighting equipment in those Towns (id.). This “mix and match,” selective application of depreciation and amortization concepts leads to an unprincipled and nonsensical result, inconsistent with the statutory standards. As indicated by the Compact’s witness, the determination of unamortized investment “should tie into (and be consistent with) the company’s traditional accounting practices for tracking ‘original

investment’ and ‘accumulated depreciation’ for ratemaking purposes” (Exh. Compact-1, at 3).

In addition, as noted by Mr. Aikman, the Company’s methodology has been used for many years to allocate an actual reserve from a single group account to subsets of that account—here, streetlights located in certain municipalities (Tr. 1, at 134; Exh. CLC-2-21). Moreover, unlike the Compact’s methodology, the Company’s methodology for determining its unamortized investment in streetlights to the Towns will not produce a shortfall for the Company that would have to be paid for by other customers (see Exh. CLC-2-36).⁸ There is no basis to assume, as the Compact’s ratemaking methodology would suggest, that the Legislature had any intention of creating a new category of stranded cost when it set forth a procedure for interested municipalities to purchase streetlighting plant at its net unrecovered cost.

The Department should find that the Company’s calculation of the value of the streetlighting equipment in the Towns comports with the requirements of Section 34A and, therefore, should be approved by the Department to value its streetlights for sale to the Towns.

VII. PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW

In accordance with the request of the Hearing Officer, the Company proposes that the Department adopt the following findings of fact and conclusions of law.

⁸ Exhibit CLC-2-36 stated that, if the Compact’s method were applied for all towns in the service territory, there would be a \$1.7 million difference between the computed value for streetlighting assets and the amount computed using the actual depreciation reserve for the asset group. Because the “revised” computation reflected in Exhibit Compact-1A, introduced for the first time at the hearing, greatly increases the Compact’s computation of accumulated depreciation, that shortfall would increase significantly.

A. Proposed Findings of Fact

1. In December 2000, after requests by the towns of Edgartown, Harwich and Sandwich (the “Towns”) and several months of discussions, Commonwealth Electric Company d/b/a NSTAR Electric (“NSTAR Electric” or the “Company”) presented to the Towns prices for the Company’s streetlights in their communities (Exh. Compact-1, at 2-4).
2. The prices proposed by NSTAR Electric for its streetlights in the Towns were \$25,453 for Edgartown, \$94,122 for Harwich and \$29,140 for Sandwich (Exh. BKR-2).
3. The prices were calculated by determining the original cost of the streetlights in the Towns as reflected in the Company’s Account 373 and associated sub-accounts, subtracting the Company’s Accumulated Provision for Depreciation associated with Account 373 and its associated sub-accounts and allocating to the Towns that portion of the Company’s Accumulated Provision for Depreciation associated with streetlights in the Towns (Exh. BKR-1, at 5-6; Exh. BKR-2; Exh. CLC-1-6; Exh. CLC-2-15).
4. The Company accounts for streetlighting plant at the group level, and not by individual asset or by individual city or town (Exh. CLC-2-15; Tr. 1, at 135).
5. The Company does not amortize its costs of streetlights in the Towns; but rather, it depreciates them (Exh. CLC-2-15).

6. The original costs of the Company's streetlights in the Towns are reflected on schedules that depict the Company's streetlights by town and by vintage (Exh. BKR-2).
7. The Accumulated Provision for Depreciation associated with Account 373 at December 31, 1999 is reflected on a schedule that shows the Company's book depreciation and accumulated depreciation balances for total utility plant at a functional and account level (Exh. CLC-2-3 (Att.)).
8. The methodology for allocating the Company's Accumulated Provision for Depreciation to the Towns was performed by determining a theoretical reserve for the Company's streetlight account to determine ratios by which the Company's actual depreciation reserve could be allocated to the Towns (Exh. CLC-1-6; Exh. CLC-1-6 (Att.)).
9. The calculation of a theoretical reserve and associated ratios was performed via a theoretical reserve allocation methodology that is commonly used (Tr. 1, at 134; Exh. CLC-2-2).
10. Such an allocation is routinely done by computing the theoretical depreciation reserve at the level at which the book reserve is maintained (Exh. JHA-1, at 6. See also Tr. 1, at 161-162).
11. On January 26, 2001, the Compact filed a Petition with the Department of Telecommunications and Energy regarding the purchase of the Company's streetlights in the Towns.
12. On January 26, 2001, the Compact also filed the Direct Testimony of Paul Chernick on behalf of the Compact (Exh. Compact-1).

13. Exhibit Compact-1 set forth the Compact's calculations for the price of the Company's streetlights in the Towns (Exh. Compact-1, Att. PLC-5).
14. The Compact calculated the price of the Company's streetlights in the Towns as follows: Edgartown, \$8,396; Harwich, (\$21,124); and Sandwich, \$11,917.
15. The Compact calculated these prices by computing the accumulated depreciation and net plant as of October 31, 2000, applying a constant 7.14 percent depreciation rate to the original-cost data used by the Company in its December 2000 offer to the Towns (Exh. Compact-1, at 9).
16. On April 25, 2001, the Compact revised its calculations of prices for the Company's streetlights in the Towns (Exh. Compact-1A; Tr. 1, at 18-22).
17. The Compact's revised calculations of prices for the Company's streetlights in the Towns are (\$6,735) for Edgartown; (\$104,614) for Harwich; and (\$2,350) for Sandwich (Exh. Compact-1A).
18. The Compact's revised calculations were performed in the same manner as its original calculations, except that the Compact depreciated the Company's streetlight assets using the Company's accrual rate for streetlight assets (Exh. Compact-1A; Exh. CLC-1-1 (Att.)).
19. If the Compact's methodology were applied to all towns in the Company's service territory, there would be a large shortfall in the accumulated depreciation reserve (Exh. CLC-2-36; Tr. 1, at 111-113).

B. Proposed Conclusions of Law

1. As part of the Electric Restructuring Act of 1997, the Legislature authorized municipalities to purchase streetlights owned by an electric company, and delineated requirements for compensation of such streetlights, as follows:

Any municipality exercising the option to convert its street lighting service pursuant to subsection (a) shall be required to compensate the electric company for its unamortized investment, net of any salvage value obtained by the electric company under the circumstances, in the lighting equipment owned by the electric company in the municipality as of the date the electric company receives notice of such exercise pursuant to subsection (a). In meeting this requirement, the municipality may acquire all or any part of such lighting equipment of the electric company upon the payment of the unamortized investment allocable to such acquired equipment.

Chapter 164, Acts of 1997, § 196 (codified at G.L. c. 164, § 34A(b)).

2. The term “unamortized investment” in Section 34A is the book value for gross plant in service, net of accumulated depreciation. Petition of the Towns of Lexington and Acton, D.T.E. 98-89, at 3 (1998).
3. The Supreme Judicial Court has held that, when interpreting statutes, it construes a statute in accord with:

the intent of the Legislature ascertained from all its words construed by the ordinary and approved usage of the language, considered in connection with the cause of its enactment, the mischief of imperfection to be remedied and the main object to be accomplished, to the end that the purpose of its framers may be effectuated.

Champigny v. Commonwealth, 422 Mass. 249, 251, 661 N.E.2d 931 (1996), citing Teletsky v. Wight, 395 Mass. 868, 872-873, 482 N.E.2d 818

(1985) and Commonwealth v. Galvin, 388 Mass. 326-328, 446 N.E.2d 391 (1983).

4. The Court “will not adopt a literal construction of a statute if the consequences of such construction are absurd or unreasonable.” Champigny, supra.
5. The interpretation of the term “unamortized investment” implied by the Compact at the evidentiary hearing would produce an “absurd or unreasonable” result because the Company’s net investment in its tangible streetlight plant is not “amortized,” but rather, it is depreciated.
6. As tangible plant, the term “unamortized investment” in § 34A must be interpreted to mean “original cost minus accumulated depreciation” for purposes of calculating the prices of streetlights for sale to municipalities.
7. The calculation of unamortized investment for purposes of purchasing streetlights should tie into and be consistent with the Company’s traditional accounting practices for tracking original investment and accumulated depreciation for ratemaking purposes (Exh. CLC-2-14; Exh. CLC-2-15; Tr. 1, at 63-64).
8. Section 34A states that a municipality’s acquisition of an electric company’s streetlights can result only “upon the payment of the unamortized investment allocable to such acquired equipment.” G.L. c. 164, § 34A(b); therefore, in order to implement Section 34A properly, a methodology must be used that not only calculates the accumulated

depreciation associated with the Company's streetlights, but also allocates such accumulated depreciation to the lights subject to sale.

9. The Company's allocation methodology reasonably allocates its Accumulated Depreciation for streetlights to the Towns, consistent with Section 34A.
10. The Company has reasonably computed the unamortized investment in streetlighting for the Towns as set forth in Exhibit BKR-2 and the amounts of \$25,453 for Edgartown; \$94,122 for Harwich; and \$29,140 for Sandwich represent the unamortized investment in streetlighting within the meaning of Section 34A.

VIII. CONCLUSION

The Company has demonstrated that its methodology for valuing Commonwealth's streetlights in the Towns is consistent with Section 34A and approved accounting and ratemaking practices. Moreover, the Company's methodology will not result other customers in its service territory bearing the costs of streetlights that should otherwise be attributable to the Towns. Accordingly, the Company requests that the Department approve both its methodology for valuing Commonwealth's streetlights in the Towns and the prices derived from such methodology presented to the Towns in December 2000.

Respectfully submitted,

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